CIRCULATION SALARY SURVEY

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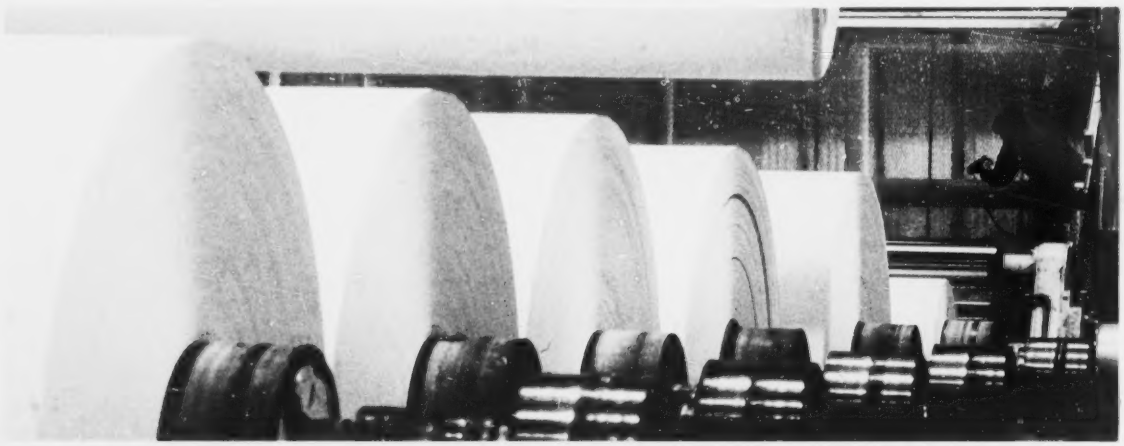

The *new* paper market

It's a buyers' market now, but do publishers understand the dynamics behind it, and will they recognize the signs of change in time to prepare for shortages? **112**

Publishers vie for college crowd

The elusive college student is the focus of two launches, *Panache* and *Campus USA*. Why the interest? Twelve million students spending $30 million annually. **73**

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THE PUBLISHING HALL OF FAME

Industry honors 10 publishing greats

Eight hundred attended a gala dinner to honor the Publishing Hall of Fame's latest inductees. Among the chosen: Andrew Heiskell, Albert Cole, Harold Ross, G. D. Crain Jr. and George Delacorte. **35**

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Sportswear International's editor/associate publisher describes how he spun off a consumer counterpart, *In Fashion*, straight into a crowded market. The title faces its second year—with plans to go monthly by mid 1987.

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The complete run-down on the pay scale for circulation directors and managers for 1986, including salaries by region, type of publication, circulation, staff size and more.

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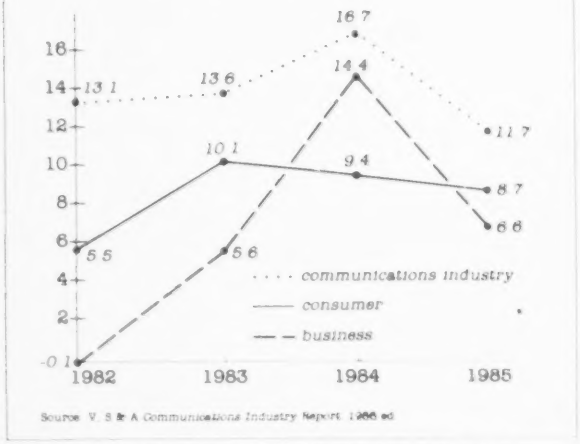
BRIEFINGS

Magazines' revenue, income growth trail industry, says V, S & A report

Revenue growth for both consumer and business magazines lagged behind that of the overall communications industry in 1985, according to advance figures from Veronis, Suhler & Associates' annual *Communications Industry Report*. Consumer magazines' revenue grew by 8.7% last year, business magazines' by 6.6%—compared to 11.7% for the industry. The report tracks only publicly owned companies, including those in newspaper publishing, television, radio and advertising. Magazines have also failed to keep apace of the industry's five-year compound annual revenue growth rate. The communications industry posted a 13.7% annual rate; consumer titles grew at an 8.4% rate. Business magazines' performance was even less competitive: This sector grew at a rate of 6.5% per year. In 1985, a period marked by difficult economic conditions, pretax operating income fell for both magazine groups—down 7.9% for the consumer firms tracked and 9.1% for business publishers. Operating income for the industry was up by 12.7%.

Revenue growth comparison



Source: V. S & A Communications Industry Report, 1986 ed.

Kissinger brings $10-million suit against *Penthouse*

Dr. Henry Kissinger is seeking $10 million in punitive damages from *Penthouse* for running an interview that he says he never granted. The former secretary of state is featured in the magazine's December issue in a question-and-answer article prepared by Russell Warren Howe, a political writer. Kissinger's attorney says that although Howe did speak with Kissinger, he did not identify himself as a journalist. In addition, Howe allegedly told Kissinger that the discussion was for background use—not for publication. The author, however, claims that he told Kissinger the interview *was* for publication as part of a book on statesmanship. Howe sold the serial rights to the still unpublished book to *Penthouse*. The magazine inadvertently erred by not mentioning in the article's introduction that the piece was part of an upcoming book on politics, explains Leslie Jay, a *Penthouse* spokesperson. Kissinger initially sought to legally ban distribution of the December issue, but was defeated: The issue had already hit the newsstand. "My reputation as a serious commentator on important public matters will be injured with my being connected to a magazine such as *Penthouse*," he recently told *The Washington Post*.

Pressures to restrict FoIA access should subside

A tradeoff agreement on two Freedom of Information Act amendments recently passed by Congress should help put an end to attempts to weaken access to governmental public information, says Peter Prichard, chairman of the Society of Professional Journalists' Freedom of Information Committee. One amendment gives such agencies as the Justice Department and the FBI the right to neither confirm nor deny the existence of records if such statements would endanger national security or ongoing investigations into organized crime. "It's a narrow exemption that will not significantly affect the release of information," says Prichard.
In return, journalists won a general fee waiver limiting request fees to just copying costs. Expenses such as search fees have sometimes inhibited requests from some small media companies, and certain agencies have apparently used fee disputes as a convenient way to postpone releasing information. Delays remain the greatest glitch in the FoIA. A separate bill, the Business Procedures Amendment, passed the House but died in a Senate committee. It would have required agencies to notify businesses that have supplied confidential information to the government when FoIA requests to access that data are made.

PHOTO OF CHAMPION INTERNATIONAL PAPER MILL BY TOM HOLLYMAN

The *new* paper market

Publishers are enjoying the buyers' market in paper today. But do they understand the dynamics behind it, and can they recognize the signs of change?

BY IRVING HERSCHBEIN

To illustrate just how soft the paper market has become and how competitive the mills are as a result, I will relate a brief, true story.

I was recently approached by someone at one of the mills who told me that they had a certain amount of tonnage, which they were calling start-up tonnage. This paper, which was 40-lb. offset, was offered to me at a price well below the list price in the market. In itself, that wasn't too surprising, since we all know that that is the way the mills are going to have to go to get into the marketplace—that is, by giving some inducement.

What was surprising was that about three days later I received a call from a paper merchant who, in the course of a general conversation, eventually got around to offering me some paper. He never identified the mill, but as we continued to talk, it became obvious that it was the same manufacturer who had just offered me the "start-up" paper. But the paper merchant was offering me the paper for *less* than the mill was.

Later I had a chance to talk with someone at the mill who said, when I related this incident, that you can't control what the merchants do—they do whatever they want. They may want to sell the paper, make less of a profit, and you just can't argue with them.

In other words, we are all in a definitely biased market.

The past 15 months—beginning with the last quarter of 1985 and extending through all of 1986—have been traumatic for manufacturers of publication grade paper, and something of a mixed blessing for their customers—primarily publishers. What we've witnessed is a paper glut that can be compared to the situation confronting OPEC. There's more oil and more paper on the market than can possibly be used. The result is the same for both commodities: a forced decrease in the cost to the consumer.

***It's been a traumatic** 15 months for manufacturers of publication grade paper.*

A mixed blessing

To call this a mixed blessing for the consumer may seem peculiar at first. However, the lessened demand from publishers indicates that their business has also declined. And the publishers' loss, in this case, is a loss for the paper manufacturers as well. Both the buyer and the seller would probably be much happier with a more balanced supply: demand equation. It appears, however, that for the near-term the situation will continue as is. If anything, it may become even more difficult for the paper maker.

Magazines have seen advertising

pages decline from the peak of 1984. 1985 and 1986 will probably show almost identical page levels, but these are down from the record year of 1984. The total ad spending picture for the nation's 100 largest advertisers has not been very good. The *Advertising Age* issue that featured 100 leading national advertisers says, "The top 100 eke out a 2.7 percent ad increase. The leading national advertisers spent $26.67 billion in 1985, up from a restated $25.97 billion in 1984." Now that's minuscule. And remember, part of that increase is eaten up by rate increases. So you can see that 1985 was flat over 1984—and in real dollars, was probably down. Heaven only knows what it will look like in 1986.

The point is, all this affects advertising pages, and of course that in turn affects paper use. Although the ratios differ from magazine to magazine and from publisher to publisher, a good general rule is that ad pages and editorial pages are in a ratio of approximately one to one. The loss of eight pages of advertising would also mean a reduction of eight pages of editorial and the elimination of one 16-page press form.

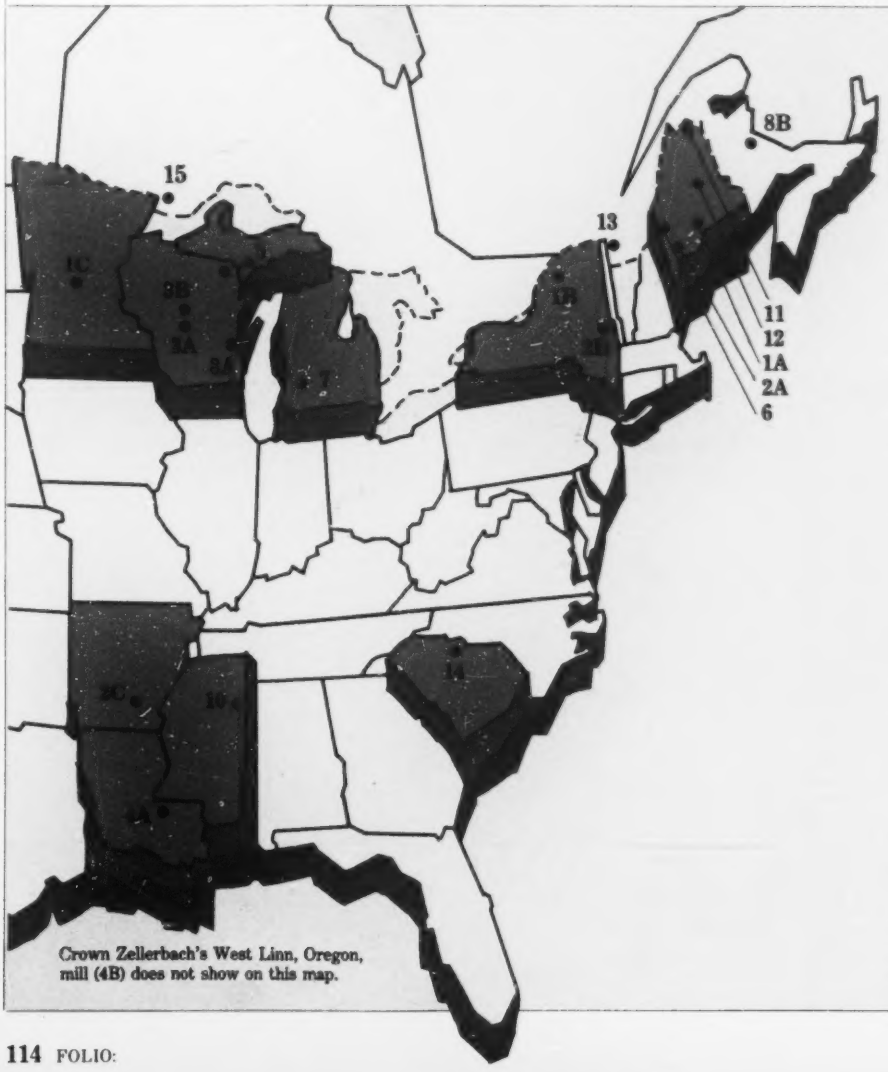
This loss is compounded by the softness in circulation that the publishing industry in general has been experiencing in the newsstand area. Also, it is becoming more and more difficult to get subs. Whether this is a passing phenomenon or not I can't say—and I don't know that anyone else can. But one of the things that has happened is that a number of major magazines have announced cutbacks in their rate bases. I know *TV Guide* and *Reader's Digest* have, and I think some of the women's service books have gone to a flexible rate base (that is, the rate base changes from certain issues).

So what does this mean? Clearly, when you start subtracting millions of copies of magazines, you are subtracting an awful lot of paper. I'm not sure anyone is paying much attention to this factor in the market.

Fewer pages for more equipment

The publishers' loss of ad pages and circulation and the corresponding reduction in the tonnage of paper used come about just as the paper-making industry is attaining new heights in production capability on existing equipment, and is facing the introduction of new capacity for 1987 and 1988.

Coated groundwood paper production and availability in North America



Crown Zellerbach's West Linn, Oregon, mill (4B) does not show on this map.

1985 rank by tons available	Company
1	Champion
2	International
3	Consolidated
4	Crown Zellerbach
5	Mead
6	Boise Cascade
7	Blandin
8	Repap (Midtec Sales)
9	Niagara
10	Weyerhaeuser
11	Fraser
12	Great Northern
13	Krueger
14	Bowater
15	Provincial

[c] Labor contract up for renewal. Strikes could change production figure.
† Labor contract not up for renewal until 1989.

The paper business is, I think, a cyclical business—peaks and valleys. First it's a buyers' market, then it's a sellers' market. And this has an effect on how paper manufacturers think about their equipment—existing and planned.

What happens is that it takes about three years from the time you plan and get financing to the time when you get a machine running. For example, there are four paper-making machines coming in this year (actually five—one of them is in a grade of paper that's at a higher level). But all of them were planned several years ago when we were in the midst of a crunch, in a sellers' market. Now that the machines are finally producing paper, the market has reversed and it's become a buyers' market.

I would guess that perhaps around 1989 or 1990 the market will tighten up again and several people will start new machines working. They'll come in around 1992, 1993—and bingo! It'll be another soft market.

"The paper business is cyclical—peaks and valleys. First it's a buyers' market, then a sellers'. And this has an effect on how paper manufacturers think about their equipment, existing and planned."

But what about right now? How are publishers and paper makers viewing the next two years?

At best, most publishers look forward to 1986 and 1987 being roughly comparable to 1985. Because 1985 was down from the record year of 1984, they're facing a "no-growth" era. The American Paper Institute, in contrast, showed an increase of 224,000 tons of coated printing paper in 1986 over 1985, a further increase of 517,000 tons in 1987 over 1986, and an additional 333,000 tons coming in in 1988. Given the conditions I have just described, it appears unlikely that this great increase will be absorbed very quickly by magazine publishers.

To see what will happen between now and the end of this decade, which is approaching very rapidly, it might be wise to look at changes that are taking place in publishing, advertising and printing.

Mill location(s)	Present basis weight range	Coated groundwood capacity (000 short tons) 1985	1986	1987	1988	1988 rank
A. Bucksport, ME B. Deferiet, NY C. Sartell, MN	30-70	650	660[c]	660[c]	680	1
A. Jay, ME B. Corinth, NY C. Pine Bluff, AR	32-70	435	460[c]	585[c]	635	2
A. Biron, WI B. Wisconsin River, WI	32-60	420	450	603[c]	623	3
A. St. Francisville, LA† B. West Linn, OR†	34-70	304	305	320[c]	348	5
Escanaba, MI†	45-80	300	300	320	330	6
Rumford, ME	34-70	280*	280*[c]	280*	280*	9
Grand Rapids, MN	32-60	275	275[c]	275	300	7
A. Midtec-Kimberly, WI	34-70	220	225	225[c]	225	4
B. Miramichi-Newcastle, N.B.	30-45	0	60	170[c]	220	
		220	285	395	445	
Niagara, WI	40-70	185	205	205[c]	210	10
Columbus, MS**	34-50	175	180	185	185	11
Madawaska, ME	32-45	165	165	145[c]	155	12
Millinocket, ME	34-50	165	135	135[c]	135	13
Trois Rivieres, Que.	34-45	130	130	130	130[c]	14
Catawba, SC†	36-55	125	191	284	298	8
Thunder Bay, Ont.	38-55	100	110	110	110	15
*** Total U.S.		3,907	4,116	4,385	4,534	

*Boise Cascade figures are estimates taken from FOLIO: 1985. Because of the strike, the Rumford mill produced no 34-lb. coated groundwood paper No. 5 for September 1986.
**Nonunion mill.
***Totals for United States only; from American Paper Institute.

Change in advertiser strategy

Those concerned with marketing in the publishing field have recently begun to focus on three areas that appear to affect magazine advertising.

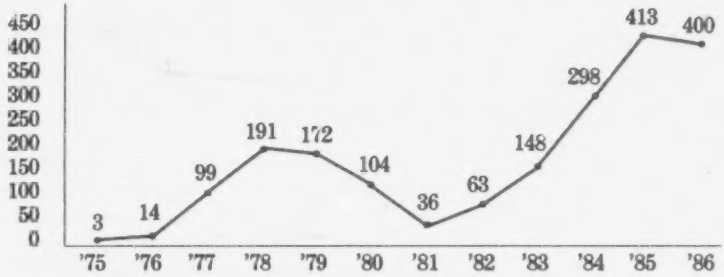
1. *The increased use of discount coupons or manufacturer's rebates*: No one who has visited a department store or a supermarket in recent years can fail to have noticed the ever-increasing use of coupons and manufacturer rebate tags. These come in various forms. Some are as basic as the coupon that gives you cents off the list price; others ask the consumer to return a proof of purchase symbol from the package to the manufacturer for an additional rebate and coupons that are distributed in booklets or even by machine at point-of-sale.

What many people do not realize is that these discounts come from the advertising budget. As an example, if the XYZ Widget Company appropriates $50 million for the advertising director and he elects to use discounts or rebates to the amount of $10 million, that $10 million comes from his advertising budget. Therefore, there is that much less to spend for advertising pages in magazines.

2. *Promotions—tie-ins between the manufacturer and large department store chains or individual stores*: In promotion or "deals" between manufacturer and stores, the same rule

Coated paper imports are expected to remain high

Imports (includes Canada)
Coated groundwood No. 5 and some No. 4
(000 tons)



Source: RISI Pulp & Paper Service estimates.

Imports of coated groundwood paper (mostly No. 5) increased dramatically in the 1980s, primarily because of the strength of the U.S. dollar. Imports leveled off only slightly in 1986. At the same time, Canadian imports have risen in 1986, largely because of the new machine at Repap's Miramichi mill.

John Maine, vice president of Resource Information Systems Pulp & Paper Service (formerly a division of McGraw-Hill's DRI economic consulting firm), tracks data from the European trade associations. These associations estimate that 90 percent of all paper tonnage imported to the United States is coated groundwood coming from Finland (65,000 tons in 1985), West Germany (116,000 tons in 1985) and Italy (95,000 tons in 1985). Tonnage from all other countries combined amounts to about 146,000 tons, according to these sources.

Although Americans may prefer the flexible lead time and better service provided by U.S. paper manufacturers, European suppliers are making changes to be more competitive. With an abundance of paper they cannot sell at home, European paper manufacturers are stocking inventories with American paper merchants to provide more flexible lead time and better service in the United States.

Offset paper dominates

	1985	1986	1987
Offset	73.7%	73.0%	73.3%
Gravure	26.3%	27.0%	26.7%
Total	100.0%	100.0%	100.0%

Publishers responding to the MPA paper survey revealed the following tonnage used for separate printing processes. Offset was used with approximately 74 percent of total tonnage in 1985 and is expected to remain in this range in 1986 and 1987; gravure accounts for 26 percent to 28 percent for the 1985-87 period. Statistically insignificant use of letterpress was reported in 1985 and 1986, with no use projected for 1987.

applies. The store and the manufacturer agree to an elaborate promotion with discounted prices for the merchandise to spur a quick, high-volume purchasing period. In this way, a great deal of merchandise can be moved at slightly less profit very quickly.

The disadvantage, according to advertising agencies and marketing experts, is that this is a short-term gain and does not build an image for the product or future sales. Furthermore, while this technique is being used, the number of dollars available for pages in magazines is again reduced.

3. *Increased use of retail store catalogs and/or magazines.* For many years, retail stores put out catalogs only a few times a year. Usually this was at Christmas time or for some other major holiday, because it was felt that the catalogs cut down on store traffic and, therefore, on sales. Studies indicate that the reverse is true—that the catalogs tend to remind the reader of other products and excite his interest in visiting the store.

Now the major department store chains use catalogs heavily. In many instances the stores tie in with advertisers who defray part of the cost of the catalog; in a few instances—Neiman-Marcus, for example—the catalog has evolved into a magazine format, directly competing with magazines for the advertising dollar.

"These discounts come from the ad budget. If XYZ Widget appropriates $50 million for its ad director and he uses $10 million for rebates or discounts, there's that much less to spend on magazine ad pages."

Catalogs usually use a better grade of paper (coated No. 4), so when ads move over to catalogs, demand for coated No. 5 is affected once again.

Two major printers have recognized this change to increased catalog advertising and responded. Meredith Burda has a new rotogravure plant building just south of Phoenix, Arizona, and R. R. Donnelley has a large installation building in Nevada. Both are designed to produce catalogs for the California and Western markets.

When trim size changed

Having reviewed the oversupply on the part of the paper manufacturer and the lessened demand on the part

of the publisher, let's turn to still another factor affecting the paper marketplace: the short cut-off magazine.

Many magazine publishers have, in recent years, looked to the reduction of their publications' print sizes as a means of offsetting what appeared to be a continual increase in paper cost. Some years back, an 8-¼" x 11-½" magazine was considered pretty much the standard size. This has gradually been reduced to as little as 7-7/8" x 10-½". The press cut-offs were designed to deliver a 10-7/8" magazine or an 11" magazine. Now we have the advent of the short cut-off press, which delivers a 10-½" trim.

The bottom line

The width of the roll, of course, determines the side-to-side trim and can be specified. Any change in the width of the magazine goes directly to the bottom line. The printers are responding to the pressure by ordering short cut-off presses. We have at least one major printer, World Color Press, building a plant in Dyersburg, Tennessee, in which the equipment will deliver only the short-trim magazine.

Putting all this together, it would appear that for the balance of this decade, there will be a more than ample supply of coated publication grade paper. I say this in spite of the fact that there was a slight glitch in the market—a temporary shortage during July and August and part of September. This was an artificial shortage created by two factors. First, there had been a rail strike in Maine that interfered with deliveries. Orders that were for several of the mills in Maine were sidetracked into mills elsewhere in the country. Second, there was the strike at Boise, which shut them down completely.

However, Boise is back and by now mills have learned to use more trucks and whatever rail is available. The tightness was just a temporary phenomenon.

The increased capacity of domestic mills and the ever-present foreign tonnage, combined with the reduced demand on the part of publishers, indicate that we'll be in the 1990s before we again experience a tight supply situation. But this is not necessarily a boon for all publishers.

Keep in mind that in 1983 and 1984 when the market tightened in the United States, our European colleagues brought hundreds of thousands of tons

Paper usage up only slightly

(tonnage)

	1985 actual	1986 projected	% change vs. 1985	1987 projected	% change vs. 1986
Coated groundwood	1,122,110	1,164,765	+3.8	1,215,304	+4.3
Coated free	172,180	164,440	-4.5	178,347	+8.5
Uncoated groundwood	217,673	214,825	-1.3	208,625	-2.9
Uncoated free	23,803	23,884	+0.3	25,097	+5.1
Imports	55,035	56,287	+2.3	57,582	+2.3
Total tonnage	1,590,801	1,624,201	+2.1	1,684,955	+3.7

The 98 publishers responding to this year's MPA paper survey expect to increase their 1986 paper use by 2.1 percent over 1985's 1,591,000 tons. In 1987, use is expected to increase 3.7 percent. Expected 1986 use will be over 1,624,000 tons, with 1,685,000 tons forecast for 1987.

Ad page stagnation contributing to soft market

	1984	1985	% change -/+
Jan.	9,366.68	9,260.54	1.1
Feb.	11,691.72	11,851.78	1.4
Mar.	13,305.10	13,417.91	0.8
Apr.	14,431.06	14,185.56	1.7
May	14,401.89	13,305.63	7.6
June	12,366.34	12,321.79	0.4
July	10,550.01	9,467.69	10.3
Aug.	10,872.93	10,072.26	7.4
Sept.	14,430.75	14,516.93	0.6
Oct.	16,034.67	14,675.87	8.5
Nov.	16,272.74	15,634.73	3.9
Dec.	14,072.91	13,697.02	2.7

	1985	1986	
Jan.	9,467.89	9,595.23	1.3
Feb.	11,954.25	11,851.75	0.8
Mar.	13,619.03	13,732.93	0.8
Apr.	14,426.97	13,541.14	6.1
May	13,523.05	13,681.73	1.2
June	12,446.64	12,699.60	2.0
July	9,633.67	8,835.27	8.3
Aug.	10,126.78	9,688.09	4.3

Source: Members of Publishers Information Bureau.

Over the last two years, ad pages have remained relatively flat, even though ad revenues have continued to rise. The flatness in pages has kept demand for paper down. Some people attribute this flatness in ad pages to the economy, others to an increased inclination among advertisers to spend more money on promotions or discounts instead of on advertising pages. Whatever the reason, it should be remembered that when ad pages are down or level, the effect on paper use is compounded by a corresponding decrease in editorial pages, as many magazines maintain close to 50:50 ad:edit ratios.

COURTESY OF CHAMPION INTERNATIONAL CORP.

Many publishers are running "on demand," since mills will ship paper fast.

Basis weights used by magazines

A. Basis weights—percentage of total use

	1985	1986	1987
32 & below lbs.	3.6%	3.4%	3.7%
34 lbs.	28.6%	30.6%	30.7%
36 lbs.	14.9%	14.5%	14.1%
38 lbs.	4.8%	4.3%	4.6%
40 lbs.	25.6%	25.9%	26.1%
45 lbs.	5.2%	5.1%	5.0%
50 lbs.	5.6%	5.5%	5.3%
60+ lbs.	11.7%	10.7%	10.5%
Total	100.0%	100.0%	100.0%

B. Basis weights—percentage of magazine publishers' using

	1985	1986	1987
32 & below lbs.	13%	12%	13%
34 lbs.	23%	24%	25%
36 lbs.	30%	30%	25%
38 lbs.	20%	21%	21%
40 lbs.	57%	54%	51%
45 lbs.	40%	38%	37%
50 lbs.	43%	39%	39%
60+ over lbs.	90%	91%	91%

A small shift in basis weights is expected in the 1985-1987 period, the MPA survey showed: 34-lb.-and-below paper is expected to continue to account for about 32 percent to 34 percent of total use; 36-lb. paper is expected to account for 14 percent; use of 38-lb. paper is at 4 percent to 5 percent; 40-lb. paper is at 25 percent to 26 percent; 45-lb. paper is at 5 percent; 50-lb. paper is at 5 percent to 6 percent; while 60+ lb. paper will stay between 10 percent to 12 percent for the 1985-1987 period. The breakdown is somewhat different from basis weights used five years ago (1980). At that time, 52.9 percent of paper was between 32 lbs. and 36 lbs., as compared to 47.1 percent in that range in 1985; 37 percent of paper fell into the range of 38 lbs. to 50 lbs. in 1980, while 41.2 percent of 1985 paper was in that category, and 10.1 percent of paper was 60 lbs. or above in 1980, compared to 11.7 percent today.

of paper to our shores. This paper came from Germany, Scandinavia and, to a certain extent, from Italy. This was not unusual because we had utilized foreign coated paper during other times of paper shortage. What is different this time, however, is that the exporters are determined to stay in the American market. Before, this foreign paper was bought on a spot-order basis, but this time, there are many American publishers who have signed long-term contracts. The feeling was that the continual cyclical domestic operation made it impossible either to plan correctly or to control costs properly. As a result, many publishers cannot take full advantage of the marketplace change.

"What this means is that many publishers cannot take full advantage of the change in the marketplace, the increased availability of reasonably priced paper."

Having described the present paper market and the corresponding positions of both the paper makers and the paper users (in this case, publishers) in that market, I want to take a minute to look at the psychological dynamics behind the changing availability of paper over the long term.

Understanding market dynamics

An interesting analogy to use is again the Arab oil situation, which I mentioned earlier. In 1973, when the Arabs choked off our supply of oil, everybody insisted on driving around with a full tank of gas—which worsened an already bad situation. In normal times, such as now, most people drive until the needle starts pointing to the E, for empty. But in 1973, everyone was lining up at the gas stations at 5 A M—with tanks still half full.

The same sort of thing happens when publishers start to sense a tightening paper market. They rush to get an inventory situation before the need becomes immediate. Right now, many publishers (and drivers) are running

"on demand." In other words, publishers know that the paper mills will ship immediately—that they can get the paper they need without taking a big inventory. The question is, can these two "extremes" be leveled out?

Can changes be predicted?

As far as the last paper shortage is concerned, nobody sensed it coming—and to this day nobody has given me a logical explanation. All I know is that around May, June, July of 1983, the market went from a surplus to a shortage. During that time I was asked to attend a meeting at a paper company. The company's economists were to explain what was then happening in the marketplace, which was getting very tight. During a break I had coffee with a somewhat embittered vice president of sales. His comment to me: "Remember, these are the same people who two months ago told us to shut the mill down for five days because we were overproducing in a slack market. Now we can't produce paper fast enough."

Nobody sensed that change. Nobody knows what happened. I've had all kinds of experts tell me that going back and looking at records should have revealed a trend. But nobody saw it. Nobody predicted the shortage. Still, I do have one suggestion.

Clues to change

It would seem to me that one way to predict changes would be for publishers to watch ad pages—note if they are building nicely over the preceding year. If you see that for, say, one quarter, two quarters or three quarters an increase in ad pages over the previous year is occurring—and at the same time newsstand sales are picking up—you would have a clue that something is happening, that people are spending money and that more paper is being used. That should tell you something. It should give you a hint as to how to proceed.

In summary, then, publishers can look to a readily available supply of No. 5 coated paper at stable prices for several years to come. 1987 and 1988 will be almost normal; publishers will be able to get all the paper they want.

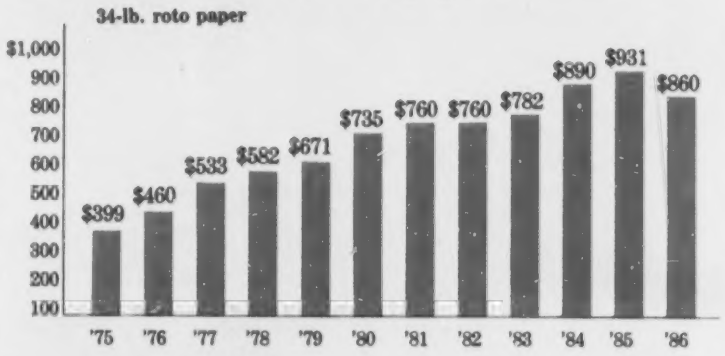
The mills will be faced with the problem of finding additional markets for their output and with holding on to their current contracts in a very competitive situation. They will be hoping for just enough pickup in business to stabilize prices, rather than another down push on pricing.

What everyone wonders, though, is whether we'll have another one of those seemingly overnight transitions that the paper industry has experienced before: a sudden shortage; near panic; allocations and rising prices.

Now, if you were a betting person, how would you bet?□

Irving Herschbein is director of manufacturing and distribution of Conde Nast Publications, Inc. He is a past chairman of the Magazine Publishers Association Production Committee, a member of the Graphic Arts Technical Foundation's Liaison Committee, and of the Customer Relations Committee of both the Gravure Technical Association and the American Photoplatemakers Association. Research assistance for this article was provided by FOLIO: staff member Thania Hall.

Price drops as result of soft paper market



Source: *Pulp & Paper Week*.
Year-end figures, except for 1986, which shows end of third quarter.

After rising steadily for 10 years (from 1975 to 1985), the price of paper started to drop in 1986. Prices were cut in February 1986 to 1984 levels, and mills were trying to hold the 'ine against further discounting going into the spring. Prices shown here are for 34-lb. roto paper. Offset prices average about $10 per ton higher. The September 1986 prices for 34-lb. roto ($860) and 40-lb. offset ($774) published by *Pulp & Paper Week* were accompanied by a note indicating most volume was being sold significantly below list price.

Majority have 31-60 day inventory

16.3% of publishers reported inventories of 1-30 days supply on hand.
52.2% of publishers reported inventories of 31-60 days supply on hand.
26.1% of publishers reported inventories of 61-90 days supply on hand.
5.4% of publishers reported inventories of 91 or over days supply on hand.

In the area of inventory, 16.3 percent of the respondents to the MPA paper survey reported paper inventories of 1 to 30 days; 52.2 percent fell into the 31- to 60-day range; 26.1 percent were in the 61- to 90-day range; and 5.4 percent had inventories of 91 days or more. Inventory has been calculated by each respondent as follows: dividing total anticipated 1986 paper consumption by 365, then dividing the closing inventory as of March 31, 1986, by the above number.

Roll sizes narrower

In 1985, 10.4 percent of the respondents to the MPA paper survey made roll changes to narrower sizes, while 2.1 percent made changes to a wider size.

In 1986, 19.8 percent of respondents planned to make roll changes to narrower sizes, while 3.1 percent planned changes to a wider size.

FOLIO:'s Circulation

The complete run-down on the pay scale for directors and managers in 1986

BY JEAN ANGELO
SENIOR ASSOCIATE EDITOR

Have you ever heard a 10-year-old say, "I want to be a circulation manager when I grow up?" Probably not. But that same child may have a keen interest in writing, art, math and computers—and therefore make a fine circulation manager some day.

The mix of duties that a circulation manager must handle can make for an intensely rewarding career, according to some respondents to FOLIO:'s second annual circulation salary survey. On any given day, the circulation director or manager is a creative writer, statistician, designer, systems analyst and gambler.

What is this mix of talents worth to publishers? Here FOLIO: reports on circulation salaries, and gives information on bonuses and deferred compensation.

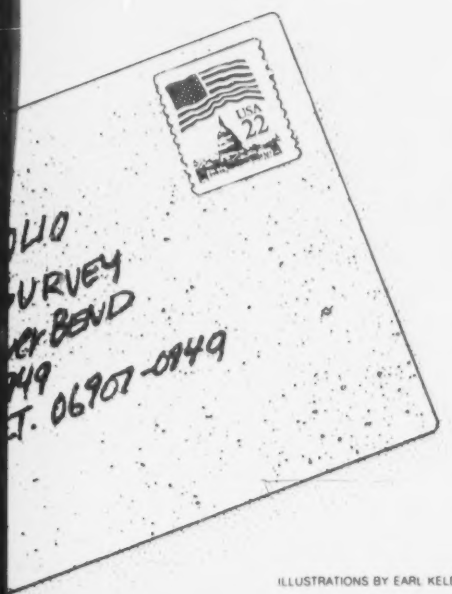
Here are some findings:

•It is more lucrative for circulation personnel to work in consumer magazine publishing than in the business field. Circulation directors on consumer magazines report an average salary of $49,226—about $10,000 more than their business peers. Circulation managers on consumer titles earn about $5,000 more annually than do managers on business magazines.

•Having the responsibility of preparing an audit statement pays off. Both directors and managers earn more if they work on magazines audited by either ABC or BPA.

•The Northeast is the highest paying region. Circulation directors in the Northeast earn an average salary of $51,302. Managers in the same region receive an average $32,384.

•Business magazines are more likely to offer their circulation employees deferred compensation, pension or profit sharing plans.



ILLUSTRATIONS BY EARL KELENY

Circulation directors

The average annual salary for circulation directors is $44,975. Directors on consumer magazines top that average with an annual salary of $49,226. This is 25 percent higher than the average salary going to business magazine circulation directors. They report an average of $39,367.

Forty-six percent of the circulation directors responding to FOLIO:'s salary survey work on magazines that are ranked in The Folio:400. Directors on Folio:400 magazines receive $53,483, compared to $37,741 going to directors who are not on Folio:400 ranked titles.

The Northeast is the highest paying region for circulation directors. The average salary going to directors in this region is $51,302.

The North Central region is in second place. Circulation directors there report an average salary of $41,833. The third highest paying region is the West. Directors there receive an average salary of $38,657.

Males are earning $50,463, 31 percent more than the average salary for female directors. Women directors report an average of $38,575.

Not surprisingly, salary increases with years of experience. Circulation directors with 16 to 25 years in the business earn an average salary of $57,985. Those with three years or less experience receive $33,190.

Those who supervise 20 or more employees earn twice as much as those who supervise only one person. Those supervising 20 or more have an average salary of $60,638, compared to $30,094 going to those who oversee only one employee.

Circulation directors working on paid circulation magazines earn $47,268, compared to $38,697 going to

salary survey

those on nonpaid titles. There are few directors in the survey who work on nonpaid circulation consumer magazines. The 14 directors who fall into this category earn $35,479. Those who work on paid circulation consumer magazines earn a much higher average: $50,621.

The paid/nonpaid difference seems to have little bearing on the salaries for circulation directors on business titles, however. Those on nonpaid publications actually report a slightly higher average salary ($39,412) than the average for those on paid titles ($38,874).

Having the responsibility of preparing an audit statement pays off for circulation directors. Those who work on ABC audited magazines earn $50,124. Those on BPA audited magazines get $41,006. Directors on magazines that are not audited by either ABC or BPA report a lower average of $33,409.

Circulation managers

The average salary for a circulation manager is $25,954. Circulation managers on consumer magazines report an average annual salary of $28,791, compared to the lower average of $23.699 going to managers on business publications.

Thirty-seven percent of the circulation managers responding to FOLIO:'s survey work on magazines ranked in The Folio:400. The average salary for these managers is $31,945. This is 42 percent higher than the average going to those on non-Folio:400 titles, which is $22,430.

Circulation managers in the Northeast region earn the highest average salary: $32,384. The second highest paying region is the West, with an average of $24,293.

Male circulation managers earn about $10,000 more than their female counterparts. The average salary for male managers is $32,863, compared to $23,247 going to females.

Managers who supervise six to 10 employees receive an average salary of $34,318, compared to $22,010 going to those who supervise only one person.

Those who work on paid circulation publications earn a higher salary than those working on nonpaid titles. Managers on paid titles receive $28,088, compared with $23,140 going to those working on nonpaid circulation magazines.

There are few circulation managers in the survey working on nonpaid circulation consumer titles. The seven respondents who fall into this category report an average salary of $18,429, far less than the $30,159 going to managers on paid circulation consumer titles.

For managers on business titles the paid/nonpaid distinction seems to have little relevance in relation to salary averages. The average salary for managers on nonpaid titles edges out the average for those on paid titles. The former group earns $24,040; the latter group, $23,015.

Managers on audited publications report a higher average than those who are not on audited magazines. Those on ABC audited magazines receive $32,557. Those on BPA audited magazines report an average of $24,501. Circulation managers on titles that are not audited by either ABC or BPA receive an average of $18,615.

Bonuses

Circulation directors receive an average annual bonus of $7,100. The male directors in the survey top that with an $8,286 average bonus. Females

"I enjoy the creative aspect —implementing new systems, new promotions, etc. I don't enjoy record keeping, auditing and supervising."

Circulation manager in the Northeast, with seven years of experience, earning $30,000.

"This suits my talents. I deal with fulfillment people, artists, designers, numbers people, editors and ad sales people. I connect with all of them to focus on marketing a magazine in a field that I personally love. It is hard to draw a line between my business function and my personal interest in the subject of my magazine."

Circulation manager in the Northeast with 11 years of experience, earning $38,000.

"I'm still doing battle to improve the image and standing of circulation, which is much tougher in business-to-business than in consumer publishing. But I've seen some progress in recent years. I'd rather be working in circulation than anywhere else."

Circulation director in the Northeast with 12 years of experience, earning $55,000.

"It is especially helpful to have an in-house computer for fulfillment. It has cut out many headaches created by an outside service bureau."

Circulation director in the West, with 15 years of experience, earning $36,000.

"My job is diversified. The new challenges prevent boredom. I have good working companions and a very knowledgeable boss."

Circulation director in the Northeast with three years of experience, earning $31,000.

report a bonus of $5,310.

Directors on consumer magazines receive $8,648 annually, those on business titles receive $4,943.

Circulation managers receive an average bonus of $2,048. Male managers get $2,752; females, $1,654.

Consumer titles pay higher bonuses. Managers on consumer magazines receive a bonus of $2,467, compared to the $1,760 going to managers on business magazines.

Deferred compensation

Approximately 65 percent of the circulation directors and managers in FOLIO:'s survey are offered deferred compensation, pension or profit sharing plans.

In each of the two groups, more personnel on business titles than on consumer titles are offered such plans. About 68 percent of the circulation directors on business magazines are offered deferred compensation, compared with 62 percent for consumer magazines.

About 76 percent of the circulation managers on business titles can participate in deferred compensation plans, compared to 50.8 percent of the managers on consumer titles.

Using the numbers

It is important to use the salary information in this survey cautiously. In many cells there are too few respondents to allow valid conclusions about salary information. For this reason, FOLIO: is publishing the number of respondents in each cell (these numbers are shown in parentheses).

The survey is also limited in its ability to compare responses. FOLIO: can compare only one variable at a time. For example, circulation directors in the Northeast earn more than directors in other regions, but are these directors working on larger circulation magazines? Are they the ones with more years in the business? FOLIO: cannot answer these questions.

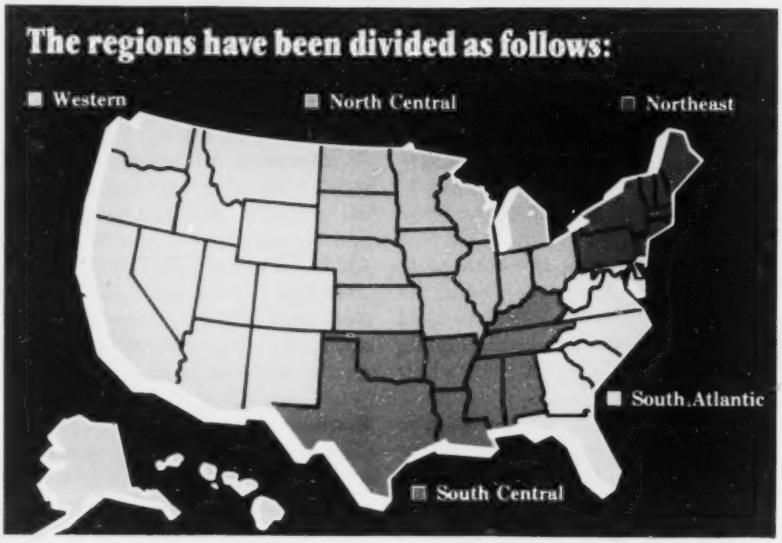
Varied reactions

Many of the respondents to FOLIO:'s circulation salary survey enjoy their duties. But others complain that circulation tasks become too routine. Here is a sampling:

"Circulation is a microcosm of magazine publishing. On any given day I can work in any area: writing, sales, accounting or production. It is never boring. It is a details job, but if you get too hung up on details, you can't do a very good job," says a circulation director in the Northeast with 12 years of experience, earning $55,000.

"I really enjoy the direct marketing and the strategic planning, but I feel the work becomes repetitive and therefore boring. I also feel that I execute more than I plan," comments a circulation manager with seven years of experience who earns $44,000.

"Originally I had editorial ambitions, but having worked on the circulation side, I have come to believe that circulation work also involves creative writing and a high degree of creativity and discipline. I think it is one of the better kept secrets in magazine publishing," says a manager just beginning a circulation career.

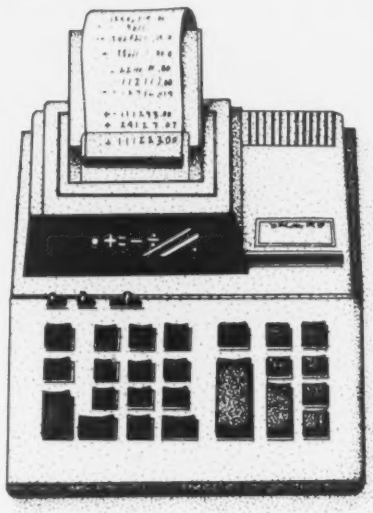


"It takes a certain kind of person to work in circulation—one who requires little or no stroking, loves detail and has the ability to work under pressure. I love it, though, and take great pride in my fine BPA statements. Circulation is really the greatest department in publishing. We are the ones with our egos in line."

Circulation director in the West with five years of experience, earning $35,000.

"It still amazes me that relatively low salaries are paid to top circulation professionals, considering responsibilities and the wide range of knowledge required. Perhaps it is our own fault. As a group we usually don't let management know that we know how good we really are. Salesmen don't seem to have that problem."

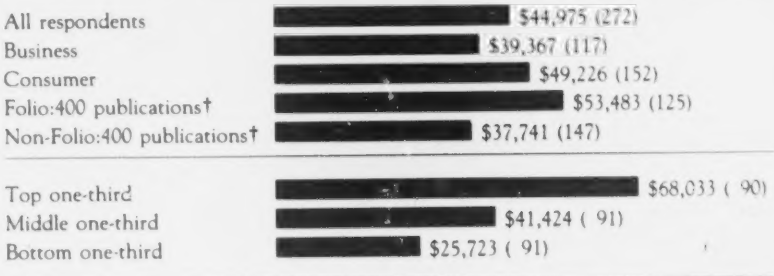
Circulation director in the Northeast, with seven years of experience, earning $57,000.



Circulation directors

Circulation director, or top circulation title: Plans, directs and coordinates circulation marketing efforts. Responsible for budgeting, and analyses of single copy and subscription programs, list rentals, data base planning and maintenance. Department head in both single and multi-title companies.

Average salaries (The number of respondents is in parentheses.)



	Average	Average business	Average consumer
By region:			
Northeast	$51,302 (126)	$43,268 (51)	$56,857 (74)
South Atlantic	37,370 (23)	40,827 (11)	35,402 (11)
North Central	41,833 (61)	36,657 (35)	47,794 (25)
South Central	37,797 (15)	27,125 (4)	41,678 (11)
Western	38,657 (44)	34,919 (16)	40,793 (28)
By sex:			
Female	$38,575 (124)	$34,626 (61)	$42,743 (62)
Male	50,463 (147)	44,759 (55)	53,692 (90)
By years in the business:			
Up to 3 years	$33,190 (51)	$32,269 (29)	$34,405 (22)
4-10	43,129 (129)	38,077 (51)	46,761 (77)
11-15	47,663 (40)	44,890 (12)	48,809 (27)
16-25	57,985 (34)	46,794 (17)	69,176 (17)
Over 25	61,056 (18)	49,250 (8)	70,111 (9)
By no. of employees under respondent's supervision:			
None	$32,165 (19)	$22,843 (7)	$37,603 (12)
One	30,094 (27)	27,275 (10)	31,753 (17)
2-5	39,144 (118)	36,154 (56)	42,056 (60)
6-10	53,659 (41)	45,406 (16)	58,940 (25)
11-20	58,302 (37)	47,932 (12)	63,280 (25)
Over 20	60,638 (29)	52,938 (16)	69,792 (12)
Responsible for:			
One magazine	$40,217 (113)	$31,323 (33)	$43,712 (77)
More than one magazine	48,357 (159)	42,527 (84)	54,887 (75)
By circulation:†			
To 19,999	$21,315 (13)	$20,910 (10)	$22,667 (3)
20,000 to 49,999	32,835 (40)	32,808 (25)	32,880 (15)
50,000 to 99,999	38,828 (49)	41,355 (28)	35,458 (21)
100,000 to 499,999	45,591 (105)	45,719 (51)	45,932 (53)
500,000 and over	60,736 (60)	29,000 (3)	62,406 (57)
By type of circulation:†			
Paid	$47,268 (191)	$38,874 (52)	$50,621 (138)
Nonpaid	38,697 (77)	39,412 (63)	35,479 (14)
By magazine audit:†			
ABC	$50,124 (147)	$39,077 (33)	$53,608 (113)
BPA	41,006 (66)	40,842 (61)	43,000 (5)
Neither	33,409 (47)	30,393 (14)	34,688 (33)

†Refers to the magazine with the largest circulation on which respondent works.

"The work is repetitious and tends to lead to burnout, creating carelessness and a sense of non-achievement. Considering that the use of computers requires precise and accurate info, a circulation employee is thrown into a nerve wracking position that is also a boring one."

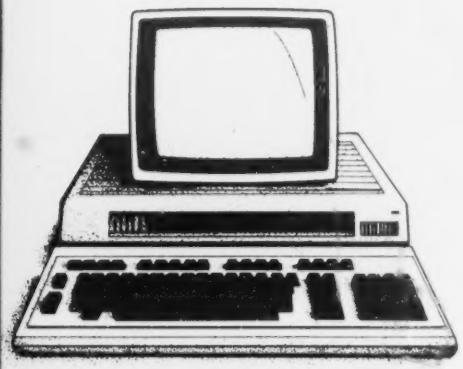
Circulation manager in the South, with 13 years of experience, earning a salary in the midteens.

"Our company needs to be systemized, and all employees need a better knowledge of the magazine as a whole."

Circulation manager in the South with five years of experience, earning $24,000.

"This is a lot of work, but worth it every month. When I see each new issue I want to give myself a pat on the back. I just love it."

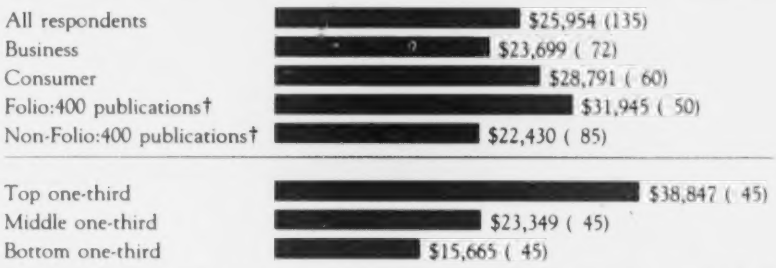
Circulation manager in the West with three years of experience, earning $18,000.



Circulation managers

Circulation manager (generally the second level of management in the circulation department): Administers circulation programs for subscription renewals and single-copy sales. Handles all facets of circulation for one or more titles. Usually a position found in multi-title companies.

Average salaries (The number of respondents is in parentheses.)


All respondents $25,954 (135)
Business $23,699 (72)
Consumer $28,791 (60)
Folio:400 publications† $31,945 (50)
Non-Folio:400 publications† $22,430 (85)
Top one-third $38,847 (45)
Middle one-third $23,349 (45)
Bottom one-third $15,665 (45)

	Average	Average business	Average consumer
By region:			
Northeast	$32,384 (50)	$27,151 (26)	$38,470 (23)
South Atlantic	21,668 (14)	20,539 (9)	22,250 (4)
North Central	22,491 (39)	22,680 (23)	22,219 (16)
South Central	16,960 (10)	16,360 (5)	18,950 (4)
Western	24,293 (22)	23,567 (9)	24,796 (13)
By sex:			
Female	$23,247 (97)	$21,755 (57)	$25,617 (38)
Male	32,863 (38)	31,087 (15)	34,273 (22)
By years in the business:			
Up to 3 years	$20,459 (53)	$21,572 (25)	$19,406 (26)
4-10	26,593 (60)	22,705 (33)	31,415 (26)
11 and over	39,252 (20)	30,519 (13)	55,471 (7)
By no. of employees under respondent's supervision:			
None	$19,186 (30)	$20,103 (13)	$18,891 (16)
One	22,010 (28)	21,543 (16)	22,633 (12)
2-5	27,234 (47)	24,387 (25)	30,562 (21)
6-10	34,318 (17)	28,200 (8)	41,038 (8)
11 and over	38,850 (10)	28,786 (7)	80,000 (2)
Responsible for:			
One magazine	$23,284 (44)	$21,781 (21)	$25,232 (22)
More than one magazine	27,245 (91)	24,488 (51)	30,851 (38)
By circulation:†			
To 19,999	$18,421 (14)	$20,040 (10)	$14,375 (4)
20,000 to 49,999	19,316 (32)	20,420 (18)	17,896 (14)
50,000 to 99,999	29,872 (23)	26,537 (15)	37,071 (7)
100,000 to 499,999	27,925 (55)	25,528 (29)	31,463 (24)
500,000 and over	36,680 (10)	0 (0)	36,680 (10)
By type of circulation:†			
Paid	$28,088 (77)	$23,015 (22)	$30,159 (53)
Nonpaid	23,140 (57)	24,040 (49)	18,429 (7)
By magazine audit:†			
ABC	$32,557 (47)	$24,870 (10)	$34,635 (37)
BPA	24,501 (53)	24,695 (49)	24,000 (2)
Neither	18,615 (31)	17,910 (10)	18,950 (21)

†Refers to the magazine with the largest circulation on which respondent works.

(CONTINUED ON PAGE 130)

"Returns from a promotion are like applause to an actor. With proper data processing support, the number crunching would be palatable. Unfortunately, this is not the case on this publication."

Circulation director in the Northeast with two years of experience, earning $38,000.

"I like my job, except for the audit statements."

Circulation manager in the Northeast earning $28,500.

Annual average bonus by title

Average anticipated amount (The number of respondents is in parentheses.)

	Circulation directors	Circulation managers
Average, all respondents	$7,100 (133)	$2,048 (39)
By region:		
Northeast	$8,720 (66)	$2,544 (12)
South Atlantic	2,571 (7)	650 (2)
North Central	5,580 (35)	1,368 (14)
South Central	2,500 (7)	4,467 (3)
Western	7,667 (18)	1,938 (8)
By magazine type:		
Consumer	$8,648 (75)	$2,467 (18)
Business	4,943 (57)	1,760 (20)
By sex:		
Female	$5,310 (53)	$1,654 (25)
Male	8,286 (80)	2,752 (14)
By circulation type:†		
Paid	$7,748 (96)	$2,172 (22)
Nonpaid	5,216 (35)	1,888 (17)

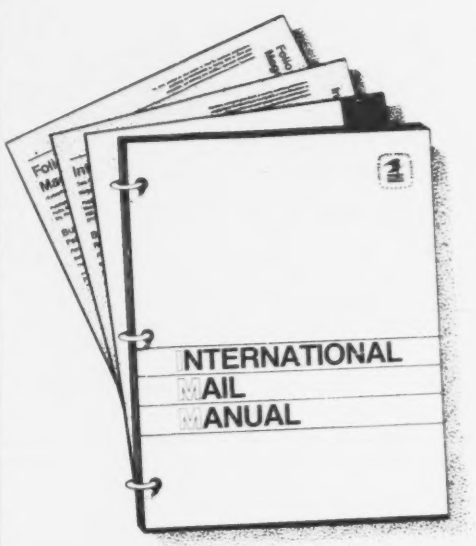
†Refers to the magazine with the largest circulation on which respondent works.

Percentage whose companies offer deferred compensation

(The number of respondents is in parentheses.)

	Circulation directors	Circulation managers
Total respondents	64.8% (267)	65.7% (134)
Business magazine respondents	68.4% (114)	76.4% (72)
Consumer magazine respondents	62.0% (150)	50.8% (59)
By circulation type:†		
Paid	64.7% (187)	56.6% (76)
Nonpaid	64.5% (76)	77.2% (57)

†Refers to the magazine with the largest circulation on which respondent works.



Methodology

Four hundred forty-two of the 1,094 circulation directors whom FOLIO: surveyed responded to the second annual circulation salary survey. Of the total responses, 407 contained enough information to be used for tabulation. The response rate is 42 percent. The survey was conducted in July and August of this year through two mail efforts.

Thirty-five percent of the professionals surveyed work on magazines that are ranked in The Folio:400. The Folio:400 is an annual ranking of the top revenue producing magazines. Another 35 percent of those surveyed work on magazines with circulations of 75,000 or more.

FOLIO: has broken out the salaries of Folio:400 personnel and non-Folio:400 respondents in each personnel category.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire. Respondents were asked to mark the description that most accurately listed their duties.